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July 13, 2004

Mr. Pat Miller  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

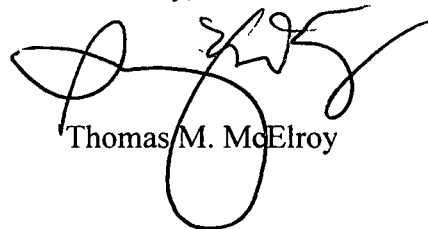
RE: Counce Natural Gas Company/Rate Increase  
Cause No. 04-00037

Dear Mr. Miller:

Please find thirteen (13) copies of the Revised Exhibit 1 to the Amended Petition.

If you have any questions, please advise.

Sincerely,



Thomas M. McElroy

lnl

Counce Natural Gas Company  
Dkt No 04-00037  
For the test year ended September 30, 2003

<u>Account</u>	<u>At 9/30/03</u>	<u>At 6/30/05</u>	<u>Revenue</u>	<u>At 6/30/05</u>
	<u>Per</u>	<u>Attrition</u>	<u>(4) Adjustment</u>	<u>With</u>
	<u>Company</u>	<u>Amounts</u>		<u>Proposed</u>
				<u>Rate Change</u>
<b>Revenues</b>				
Residential	12,731	12,731	4,901	17,632
Commercial	14,039	14,039	5,405	19,443
Industrial	20,378	20,378	7,951	28,329
Min bills-Residential	6,755	6,755	6,755	13,510
Min bills-Commercial	4,100	4,100	4,100	8,200
Min bills-Industrial	6,000	6,000	1,200	7,200
Late Fees	2,717 (3)	2,717	-	2,717
Gross Revenue (1)	66,719	66,719	30,312	97,031
<b>Distribution</b>				
Repairs	4	4		4
Supplies	1,052	1,078		1,078
<b>Administrative</b>				
Accounting & Legal	5,761	5,905		5,905
Auto Expense	3,761	3,855		3,855
Donations	150	154		154
Dues & Subscriptions	714	732		732
Insurance	6,038	6,189		6,189
License	534	547		547
Miscellaneous	120	123		123
Utilities	747 (2)	766		766
Office Supplies	480	492		492
Postage	634	650		650
Rent	2,535	2,598		2,598
Telephone	1,753	1,797		1,797
Salaries - officers	20,348	20,958		20,958
Salaries - general	31,574	32,521		32,521
Amortization Expense	3,000	3,000 (5)		3,000
Deprciation Expense	1,057	8,594		8,594
<b>Taxes Other than Income</b>				
Taxes - other	2,447	2,508		2,508
Taxes - payroll	4,387	4,497		4,497
Total expenses	87,096	96,969		96,969
Net income	<u>(20,377)</u>	<u>(30,249)</u>		<u>62</u>

(1) Does not include gas costs

(2) Amount reduced by fifty percent to allocate portion of expense to Burnsville system

(3) Test year late fees adjusted to reflect anticipation of company's Industrial customers to pay on time

(4) Attrition year amounts indexed by inflation factors used by Company in Petition

(5) Amortized portion of projected rate case expense Two year amortization life expected